



U.S.-PANAMA TRADE PROMOTION AGREEMENT

North Dakota Farmers Will Benefit

September 2011

The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of North Dakota's agricultural products including wheat, soybeans, and pulses. North Dakota's agricultural exports to all countries, estimated at \$3.3 billion in 2010, supported about 27,700 jobs, on and off the farm. These export sales make an important contribution to the North Dakota farm economy, which had total cash receipts of \$6.6 billion in 2010.

Wheat

- Panama's current zero-tariff treatment for wheat will be locked in place immediately upon implementation of the agreement.
- The 10-percent tariff on wheat flour will be eliminated within 12 years.

Soybeans and Products

- Panama's current zero-tariff treatment for soybeans and soybean meal will be locked in place immediately upon implementation of the agreement.
- The current zero-tariff treatment for crude soybean oil will also be locked in place immediately, while the 20-percent tariff on refined soybean oil will be phased out in 15 years.

Feed Grains

Corn

- Panama will provide immediate duty-free access for corn with a 298,700-ton tariff-rate quota (TRQ) that will grow 3 percent annually. The 40-percent over-quota tariff will be eliminated in 15 years.
- The current zero-tariff treatment for crude corn oil will be locked in place immediately. For refined corn oil, Panama will provide immediate duty-free access within a 368-ton TRQ that grows each year by 5 percent. The 30-percent over-quota tariff on refined corn oil will be phased out within 10 years.

Barley

- Panama's current zero-tariff treatment for barley and barley malt will be locked in place immediately upon implementation of the agreement.

Beef

- Panama will immediately eliminate its 30-percent duty on the products most important to the U.S. beef industry – prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariff on other edible offal will be eliminated immediately.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), reopening its market to U.S. beef by bringing its import requirements related to bovine spongiform encephalopathy into compliance with international standards.

- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Dry Peas, Beans, and Lentils

- Panama will immediately eliminate its 15-percent tariffs on most dried peas, lentils and most beans. For kidney beans, Panama will provide immediate duty-free access within a preferential TRQ that starts at 795 tons and grows 6 percent annually. The 15-percent over-quota tariff will be phased out in 12 years.

Sugar and Sweeteners

- Panama's tariffs on sugar and sweetener products range from zero to 144 percent.
- Panama's tariff on high-fructose corn syrup and raw cane and refined sugar will be zero immediately, while the duties on other sugar and sweetener products will be eliminated within 15 years.
- The United States will establish a 505-ton duty-free TRQ for Panama for sugar and sugar products covered by the U.S. World Trade Organization (WTO) TRQ, with the quantity growing by five tons every year.
- Provisions will ensure that Panama will only ship when it is a net surplus exporter, and provisions will allow alternative forms of compensation to be established to facilitate sugar stock management by the United States.
- The United States has also agreed to provide a 6,060-ton TRQ for raw sugar growing by 60 tons every year for 10 years and a 500-ton TRQ for specialty sugar that does not grow.
- These TRQs are also subject to the sugar compensation mechanism; however Panama does not need to be a net exporter to qualify for the raw and specialty TRQs.
- The United States will not reduce the out-of-quota duty for sugar and sugar products covered by these TRQs.

North Dakota		
Principal Agricultural Products and Exports, 2010		
Product	Cash Receipts (2010 calendar year)	Exports (20110 fiscal year)
Total	\$6.6 billion	\$3.3 billion
Wheat and Wheat Products	\$1.9 billion	\$1.1 billion
Soybeans and Soybean Products	\$1.2 billion	\$918 million
Feed Grains	\$892 million	\$282 million
Cattle and Beef	\$731 million	\$53 million
Dry Peas, Beans, and Lentils	\$400 million	\$264 million
	Source: USDA-NASS	Source: USDA-ERS

For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or LPA@fas.usda.gov.